

## Message Text

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INRE-00 /069 W

----- 026651

O R 051045Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3269

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC

CINCPACAF

CINCPACFLT

USDAO SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY COTONOU

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

AMEMBASSY STOCKHOLM

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AMEMBASSY VIENTIANE

AMEMBASSY WARSAW  
AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 4 SAIGON 2423

CINCPAC FOR POLAD

DEPT PASS IMMEDIATE IBS/NCA

E.O. 11652: GDS  
TAGS: PINR, PINS, PINT, MILI, VS  
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY FOR FEB 27 - MARCH 5, 1975

WEEKA ITEMS

- THE MILITARY SITUATION
- VISIT BY CODE BARTLETT/MCCLOSKEY AND CODEL FLYNT TO SVN
- PACM AND NRF ON AID
- PEOPLE'S SOCIETY BLOC (PSB) STATEMENT ON SUPPLEMENTAL
- LIVELY DEBATE CONTINUES ON SUBJECT OF ARRESTED NEWSMEN
- NEW DEPUTY PROVINCE CHIEFS APPOINTED
- STUDENT DEMONSTRATIONS IN QUANG NGAI
- MODERATE HOA HAO LEADER SEIZES THE LIMELIGHT WITH APPEAL  
TO THE GOV'T
- IMF CONSULTATION TEAM DEPARTS
- REVISION TO JANUARY EXPORT FIGURE
- PRICES DIP SLIGHTLY
- DOLLAR AND GOLD PRICES IN DECLINE

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I. INTERNAL

A. THE MILITARY SITUATION

ACTIVITY INCREASED THIS WEEK IN THE CENTRAL HIGHLANDS  
AND ALONG QL 19 IN MR-2. THE FIGHTING IN THE OTHER MRS WAS  
AT A MODERATE OR DECLINING RATE, AND COUNTRYWIDE THE NUMBER  
OF INCIDENTS DECLINED ALMOST 15 PER CENT. RVNAF CASUALTIES

WERE DOWN A COMPARABLE AMOUNT, BUT NVA/VC KILLED IN ACTION BASED ON INITIAL BATTLEFIELD REPORTS ROSE ABOUT 20 PER CENT. THE PICK-UP IN THE HIGHLANDS FEATURED ARTILLERY FIRE ON KONTUM CITY FOR THE FIRST TIME SINCE THE COMMUNIST 72 OFFENSIVE, AND A STIFF COMMUNIST GROUND ATTACK NORTHWEST OF THAT CITY, AS WELL AS SIGNIFICANT ACTIVITY IN THE THANH AN AREA OF PLEIKU. THE COMMUNISTS ALSO MOUNTED THREE ATTACKS MARCH 4 ON QL 19 (THE ROAD BETWEEN QUI NHON AND PLEIKU), THE MAIN GROUND SUPPLY ROUTE BETWEEN THE COAST AND THE HIGHLANDS.

B. VISIT BY CODEL BARTLETT/ MCCLOSKEY AND CODEL FLYNT TO SOUTH VIETNAM

THE VISIT OF THE CONGRESSIONAL DELEGATIONS BEGAN WITH THE ARRIVAL SHORTLY BEFORE NOON ON FEB 24 OF SENATOR BARTLETT AND CONGRESSMAN MCCLOSKEY, PROGRESSED TO THE ARRIVAL OF THE HOUSE GROUP (ABZUG, CHAPPELL, FENWICK, FRASER, MURTHA) LED BY CONGRESSMAN FLYNT ON FEB 27, AND ENDED WITH THE DEPARTURE OF THE ENTIRE GROUP AT 2200 ON MARCH 2.

APART FROM A FEW EVENTS INVOLVING ALL (OR VIRTUALLY ALL) OF THE CONGRESSIONAL GROUPS, THE INDIVIDUAL PARTICIPANTS PROCEEDED LARGELY ON ENTIRELY INDEPENDENT PROGRAMS EITHER SINGLY OR IN GROUPS OF TWO OR THREE. CODEL MEMBERS ATTENDED A MEETING WITH PRESIDENT THIEU AT INDEPENDENCE PALACE ON FEB 27. MOST MEMBERS ALSO ATTENDED THE PRIME MINISTER'S WORKING RECEPTION WHICH INCLUDED MEMBERS OF PARLIAMENT INCLUDING MEMBERS OF THE OPPOSITION ON FEB 28. ALL MEMBERS OF THE CODEL, WITH THE EXCEPTION OF CONG FRASER, ATTENDED A DINNER HOSTED BY PRES THIEU ON MARCH 1.

DELEGATION MEMBERS ALSO RECEIVED MILITARY BRIEFINGS BY US DAO AND THE GVN JOINT GENERAL STAFF AND MADE FIELD VISITS  
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TO THE VARIOUS MILITARY REGIONS. ALL MEMBERS OF THE CODEL MET AT VARIOUS TIMES, AND SOME REPEATEDLY, WITH A WIDE SPECTRUM OF POLITICAL OPPOSITIONIST PERSONALITIES. DELEGATION MEMBERS ALSO VISITED PRISON AND DETENTION CENTERS IN THE SAIGON AREA AND IN MR-3 AND MR-4. SOME CODEL MEMBERS WERE ALSO RECEIVED, AT THEIR REQUEST, BY IRANIAN AND HUNGARIAN ICCS REPRESENTATIVES.

THE DELEGATION RECEIVED A US BRIEFING ON THE ACTIVITIES OF THE FOUR PARTY JOINT MILITARY TEAM, THE MIA PROBLEM AND JOINT CASUALTY RESOLUTION ACTIVITIES. THAT MEETING WAS FOLLOWED BY SEPARATE MEETINGS WITH THE DRV AND "PRG" DELEGATIONS. BOTH MEETINGS WERE ATTENDED BY THE PRESS AND CONSISTED OF THE STANDARD HANOI DIATRIBE AGAINST THE US AND GVN, AND A REFUSAL TO PROVIDE ANY MEANINGFUL ANSWERS TO CODEL

QUESTIONS ON MIAS.

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INRE-00 ( ISO ) W

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O R 051045Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3270

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AMCONSUL CAN THO

AMCONSUL DANANG

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USIA WASHDC

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CIA

DIA

JCS

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CINCPAC

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C O N F I D E N T I A L SECTION 2 OF 4 SAIGON 2423

CINCPAC FOR POLAD

DEPT PASS IMMEDIATE IBS/NCA

C. PACM AND NRF ON AID

CODEL WHICH LEFT VIETNAM MARCH 2 HEARD A VARIETY OF  
OPINIONS ON QUESTION OF CONTINUED AID TO VIETNAM, INCLUDING  
THOSE OF OPPOSITION GROUPS SUCH AS FR THANH'S PACM AND VU  
VAN MAU'S NATIONAL RECONCILIATION FORCE (NRF).

PACM'S VIEW, AS EXPRESSED IN DOCUMENT GIVEN REP MCCLOSKEY  
AND SEN BARTLETT, IS THAT VIETNAM MUST HAVE CONTINUED AID BUT  
AID MUST NOT BE MANDATE FOR THIEU TO GO ON AS BEFORE. "WE  
THINK THAT ACT OF TYING ARVN HANDS AT THIS TIME WILL EN-  
COURAGE COMMUNIST SIDE MORE THAN EVEN IN AMBITION OF GAINING  
TOTAL VICTORY THROUGH ESCALATION OF MILITARY ATTACKS. ON  
THE OTHER HAND, PROVIDING MILITARY AID FOR A FIGHTING FORCE THAT  
LACKS IDEOLOGY, LEADER-  
SHIP AND POPULAR SUPPORT WILL BE  
NOTHING BUT LOST  
LABOR." "WE ARE GRATEFUL TO AMERICAN PEOPLE  
WHO HAVE MADE GREAT CONTRIBUTION TO PROTRACTED FIGHTING IN  
SVN. BUT, UNFORTUNATELY, OUR LEADERS HAVE USED US ASSISTANCE...  
AS SUPPORT FOR THEM TO DOMINATE AND EXPLOIT PEOPLE INSTEAD OF  
SERVING THEM." STATEMENT CRITICIZED PRES THIEU BY NAME BUT  
SEEMED TO STOP SHORT OF DEMANDING HIS REMOVAL, CALLING  
RATHER FOR GOV'T TO MAKE "BROAD CHANGES IN POLICY AND TOP  
PERSONNEL." (PEOPLE'S REVOLUTIONARY FRONT, OF WHICH FR  
THANH IS PART, REPORTEDLY ISSUED SIMILAR STATEMENT.)

NRF, ON OTHER HAND, DISTRIBUTED "OPEN LETTER" TO US  
PEOPLE AND CONGRESS DEMANDING AID NOT TO BE GIVEN TO THIEU  
ADMINISTRATION AND CRITICIZING PRES IN HARSH AND MOST  
EXTREME TERMS. LETTER ACCUSED GVN OF JAILING NON-COMMUNIST  
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OPPONENTS AS WELL AS PEOPLE WHO ARE NOT DISSIDENTS BUT ARRESTED "MERELY FOR REASONS OF FINANCIAL EXTORTION." LETTER ASSERTS THAT AMERICAN AID MAKES POSSIBLE THIEU'S "BARBAROUS REGIME," ALLOWING HIM TO "TERRORIZE UNARMED ORDINARY CITIZENS" BUT STILL LEAVING HIM "INCAPABLE OF DEFEATING THE COMMUNISTS." LETTER CONCLUDES BY APPEALING TO "CONGRESS TO COMPEL YOUR GOV'T TO END ALL AID TO CORRUPT AND OPPRESSIVE GOV'T OF NGUYEN VAN THIEU BECAUSE THE VIETNAMESE PEOPLE NEVER RECEIVE ANY OF THE AID YOU THINK YOU PROVIDE." LETTER WAS DELIVERED TO CONG FRASER AND CONG ABZUG DURING MEETING WITH MAU AND NRF. INEXPLICABLY, NRF CHAIRMAN VU VAN MAU TOLD EMBOFF MARCH 4 THAT HE DOES NOT OPPOSE CONTINUATION OF AMERICAN AID TO VIETNAM.

D. PEOPLE'S SOCIETY BLOC (PSB) STATEMENT ON SUPPLEMENTAL

AFTER ISSUING AN UNCOORDINATED VERBAL INVITATION TO TWO CODEL MEMBERS WITHOUT ANY FORMAL FOLLOW-UP, THE ASSEMBLED MEMBERS OF THE PSB APPEARED SURPRISED AND CHAGRINED WHEN THE CODEL FAILED TO RESPOND. WHILE DEPLORING THE CODEL'S LOST OPPORTUNITY, BLOC LEADER TRAN VAN TUYEN OPINED THAT HE WAS SURE THE CONGRESSMEN HAD PICKED UP THE ATMOSPHERE OF SAIGON POLITICS IN THEIR MEETINGS WITH INDIVIDUAL OPPOSITION FIGURES ANYWAY. ACCORDING PRESS, HOWEVER, ONE BLOC DEPUTY, WHO COULDN'T CONTAIN HIS DISAPPOINTMENT, CALLED THE CODEL'S WORKING PROCEDURES "SLOVENLY...AD-LIBBED...SLOPPY...(AND) IRRESPONSIBLE..." CONVERSELY A PRO-ADMINISTRATION PAPER REPORTED WITH UNCONCEALED GLEE THAT AFTER THE OPPOSITION DEPUTIES, WHO ARE "CONSIDERED AS CHILDREN" WERE LEFT STANDING AT THE LOWER HOUSE WITHOUT EVEN A PHONE CALL OF APOLOGY, THEY RETURNED HOME TO GAMBLE AWAY THEIR DISAPPOINTMENT.

ON A MORE SERIOUS NOTE, THE PSB HAD RECOVERED ENOUGH BY THE NEXT DAY TO ISSUE A STATEMENT "EXPLAINING" ITS OFFICIAL POSITION ON THE SUPPLEMENTAL. AFTER AN UNUSUAL PREFACE NOTING THAT SVN WEAKNESS ENCOURAGED NVN AIMS OF ANNEXATION THROUGH A WAR OF ATTRITION, THE PSB WAFFLED ON THE SUPPLEMENTAL, SAYING ONLY THAT US AID SHOULD BE GIVEN TO A GOV'T WHICH REALLY REPRESENTS A MAJORITY OF THE PEOPLE SO THAT PEACE CAN BE ACHIEVED THROUGH THE FRAMEWORK OF THE PARIS ACCORDS. HOWEVER, THE PSB STRESSED THE NEED FOR THE CONFIDENTIAL

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US "TO PERSUADE THE PRC AND THE USSR TO CEASE, OR AT LEAST REDUCE, THEIR MILITARY AID TO THE VN COMMUNISTS, SO THAT THE TWO SIDES CAN REACH A PEACE EFFECTIVELY GUARANTEED BY THE MAJOR POWERS." (COMMENT: LIKE MOST OPPOSITION GROUPS, THE PSB BASICALLY WANTS TO USE THE AID ISSUE TO TOPPLE THE THIEU GOV'T WITHOUT LOSING THE AID ITSELF. THEIR MOST RECENT STATEMENT IS SUBSTANTIALLY MORE MODERATE, HOWEVER,

THAN AN EARLIER APPEAL TO CONGRESS TO CUT OFF AID TO THE THIEU  
GOV'T IN WHICH THEY HAD BEEN JOINED BY NATIONAL GROUP  
DEPUTIES AND OTHERS.)

E. LIVELY DEBATE CONTINUES ON SUBJECT OF ARRESTED NEWSMEN

CASE OF ARRESTED NEWSMEN CONTINUED RECEIVE CONSIDERABLE  
ATTENTION IN SAIGON PRESS AND REMAINED SUBJECT OF LIVELY  
DEBATE AMONG INTELLIGENTSIA DURING RECENT CODEL VISIT.  
OPPOSITIONISTS PROTESTED ARRESTS TO CODEL AND SIAGON'S  
BISHOP HUYNH VAN NGHI AND SEN TON THAT DINH, CHAIRMAN OF  
COMMITTEE STRUGGLING FOR PRESS FREEDOM, COMPLAINED PUBLICLY  
THAT THEY WERE DENIED VISIT TO NEWSMEN WHILE CODEL MET WITH  
THEM "WITH NO DIFFICULTY AT ALL." SIAGON P.E.N. CLUB CHIMED  
IN WITH CHARGE THAT "THREE WEEKS HAVE ELAPSED SINCE ARRESTS  
AND TO DATE "THE GOV'T HAS NOT PRODUCED A SINGLE BIT OF  
EVIDENCE PROVING THAT THE ARRESTED PERSONS ARE COMMUNISTS."

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INRE-00 /069 W

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O R 051045Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3271

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA  
JCS  
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DEPT PASS IMMEDIATE IBS/NCA

MEANWHILE, GVN POSITION THAT ARRESTED NEWSMEN NOT ONLY PART OF NETWORK WITHIN SAIGON PRESS, BUT PRESS INFILTRATION SCHEME ITSELF ONLY PART OF LARGER COMMUNIST PLOT TO CARRY OUT SUBVERSION AND ACTS OF SABOTAGE IN THE CITIES OF SOUTH, IS BEING WIDELY PROCLAIMED IN PRO-GVN PAPERS AND ON RADIO AND TV. GVN ALSO POINTS TO RECENT ARRESTS OF COMMUNIST SAPPERS AND ARVN OFFICERS WHO ARE CHARGED WITH SERVING THE COMMUNISTS AS EVIDENCE THAT ROUNDUP OF COMMUNIST CADRE NOT AIMED EXCLUSIVELY AT OPPOSITION PRESS BUT AT DESTROYING COMMUNIST INFRASTRUCTURE AND STEMMING STEPPED-UP ENEMY ACTIVITY IN THE CITIES OF THE SOUTH.

#### F. NEW DEPUTY PROVINCE CHIEFS APPOINTED

ANNOUNCEMENT HAS BEEN MADE BY THE MINISTRY OF INTERIOR OF A NUMBER OF NEW APPOINTMENTS OF DEPUTY PROVINCE CHIEFS. IN PHU YEN PROVINCE NGUYEN KHAC LINH HAS REPLACED NGUYEN THIEU HOANG AS DEPUTY PROVINCE CHIEF. LINH PREVIOUSLY HELD THE SAME POSITION IN CHUONG THINE PROVINCE.

IN AN GIANG PROVINCE TRAN VAN CANH REPLACED TRAN DAC THANH



AS DEPUTY PROVINCE CHIEF. CANH WAS PREVIOUSLY ADMINISTRATIVE ASSISTANT IN AN GIANG.

IN PHONG DINH PROVINCE THE ADMINISTRATIVE ASSISTANT, NGUYEN THANH CAN, WAS APPOINTED DEPUTY PROVINCE CHIEF IN REPLACEMENT OF NGUYEN HUU DAU.

IN CHUONG THIEN PROVINCE DIEP BUU LONG WAS APPOINTED DEPUTY PROVINCE CHIEF TO REPLACE NGUYEN KHAC LINH.

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IN QUI NHON CITY NGUYEN VAN TIEN WAS APPOINTED DEPUTY MAYOR, SUCCEEDING BUI XUAN THICH.

MSSRS HOANG, THANH AND DAU HAVE BEEN REASSIGNED TO THE INTERIOR MINISTRY ACCORDING TO THE GVN ANNOUNCEMENT.

#### G. STUDENT DEMONSTRATIONS IN QUANG NGAI

A GROUP OF APPROX 60 STUDENTS STAGED A DEMONSTRATION IN QUANG NGAI CITY THE MORNING OF FEB 25 TO PROTEST THE INVOLUNTARY TRANSFER OF TWO TEACHERS FROM QUANG NGAI, AND THE DISMISSAL OF A THIRD. THE DEMONSTRATION HAD ITS ROOTS IN A PAIR OF INCIDENTS, ALSO INVOLVING DEMONSTRATIONS, IN OCT AND NOV 1974, FOLLOWING THE INAUGURATION OF THE QUANG NGAI CHAPTER OF THE NATIONAL RECONCILIATION FORCE. AT THAT TIME, THE THREE INSTRUCTORS, LE VAN THANH, NGUYEN THU SA, AND HUYNH NGOC HIEN, WHO HAD BEEN INVOLVED IN THE DEMONSTRATIONS, WERE REPORTEDLY TOLD THAT THEY WOULD FACE TRANSFER IF THEY DID NOT CEASE THEIR POLITICAL ACTIVITIES. THE LATEST DEMONSTRATION BEGAN AT APPROXIMATELY 0900 AND DISPERSED AT APPROX 1130. STUDENTS REPORTEDLY THREW STONES AT THE POLICE, INJURING A FEW POLICEMEN SLIGHTLY. POLICE REACTION WAS RESTRAINED, AND NO EFFORT WAS MADE TO BREAK UP THE DEMONSTRATION. MOST OF THE DEMONSTRATING STUDENTS ATTEND NGHIA THUC HIGH SCHOOL. THE PRINCIPLE OF NGHIA THUC HIGH SCHOOL, NGUYEN LIEU, FIGURED PROMINENTLY IN THE OCT AND NOV DEMONSTRATIONS (SAIGON 13544).

#### H. MODERATE HOA HAO LEADER SEIZES THE LIMELIGHT WITH APPEAL TO THE GOV'T

AS GOV'T MEASURES AGAINST THE PREDOMINANTLY LUONG TRONG TUONG FACTION HOA HAO MILITIA (BAO AN) CONTINUE AT A LOW TEMPO, HUYNH VAN NHIEM, RIVAL LEADER OF A MORE MODERATE AND LESS POLITICAL FACTION, REPORTEDLY MADE AN OPEN OVERTURE TO THE GVN TO SETTLE THE PROBLEM. NHIEM'S PROPOSAL, ALTHOUGH MODERATE IN TONE, CONTAINED ATTRACTIVE ASPECTS FOR TUONG FOLLOWERS. SPECIFICALLY NHIEM APPEALED TO THE GOV'T NOT TO

ENCROACH ON THE HOA HAO PROPERTY, TO RELAX ITS ARREST  
CAMPAIGN AND TO RECONSIDER ITS MOBILIZATION POLICY AND ALLOW HOA  
HAO YOUTH TO SERVE ONLY IN THEIR HOME AREAS. (COMMENT:  
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NHIEM'S MOVE IS PROBABLY AN ATTEMPT TO PICK UP MORE OF THE  
MARBLER IN THE GAME OF HOA HAO POLITICS NOW THAT THE  
FORMERLY DOMINANT TUONG FACTION IS EMBARRASSINGLY EMBROILED  
IN A CONFRONTATION WITH THE GOVERNMENT.)  
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### III. ECONOMIC

A. IMF CONSULTATION TEAM LED BY W. JOHN R WOODLEY LEFT VIET  
NAM ON FEBRUARY 27 AFTER PRESENTING A REPORT OF ITS FINDINGS TO THE  
GOVERNMENT. THE REPORT NOTED A DECLINE IN TOTAL OUTPUT LAST YEAR OF  
AROUND 2 PERCENT. ALTHOUGH PRICES ROSE BY 40 PERCENT DURING 1974.  
THE REPORT RECOGNIZED THE SHARP REDUCTION IN THE PACE OF INFLATION  
SINCE THE END OF THE FIRST QUARTER, TO ABOUT 3 PERCENT IN THE LAST  
QUARTER.

THE IMF TEAM EXPRESSED ITS CONCERN AS TO THE LIKELIHOOD OF  
RENEWED INFLATIONARY PRESSURES IN 1975. AMONG OTHER POINTS, IT  
CITED THE LARGE PROJECTED RISE IN GOVERNMENT EXPENDITURES, ACCOMPANIED BY THE LIKELIHOOD OF LITTLE OR NO INCREASE IN TAX REVENUES;  
THE HIGH RATE OF CREDIT EXPANSION TARGETED; AND THE GENERAL  
SOFTENING OF INTEREST RATES WHICH MIGHT REDUCE SAVINGS. GOVERNMENT  
PROJECTIONS SUGGEST AN ALMOST 50 PERCENT INCREASE IN MONEY SUPPLY  
WHICH THE IMF ESTIMATED WOULD RESULT IN PRICE INFLATION OF  
60 PERCENT.

THE REPORT CRITICIZED ADMINISTRATIVE RESTRICTIONS ON  
IMPORTS, AND ADVISED THAT MORE RAPID EXCHANGE RATE CHANGES WOULD  
BE A BETTER WAY TO PROTECT FOREIGN EXCHANGE RESERVES. THE REPORT  
CONCLUDED THAT WHILE SOME POSITIVE MEASURES ARE BEING TAKEN, THEY  
DO NOT CONSTITUTE AN ADEQUATE RESPONSE TO THE CURRENT SITUATION.  
CONSEQUENTLY, THE GROUP CONCLUDED IT COULD NOT RECOMMEND IMF  
SUPPORT UNDER THE 1975 OIL FACILITY.

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AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC

CINCPACAF

CINCPACFLT

USDAO SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY COTONOU

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CINCPAC FOR POLAD

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COMMENT. OUR OWN PROJECTIONS SUGGEST THAT MONETARY EXPANSION SUBSTANTIALLY HIGHER THAN LAST YEAR IS A STRONG POSSIBILITY FOR 1975. THE SOURCE OF THAT EXPANSION WOULD BE IN LARGE PART THE HIGHER BUDGET EXPENDITURES FOR ESSENTIALLY NON-DISCRETIONARY SECURITY RELATED PURPOSES AND THE DIFFICULTY OF RAISING REVENUES TO OFFSET THEM. AT THE SAME TIME, THE GOVERNMENT HAS ALSO DETERMINED THAT MODERATELY EXPANSIONARY MONETARY POLICIES ARE IN ORDER THIS YEAR TO STIMULATE OUTPUT AND DEMAND. THUS, THE GOVERNMENT PLANS TO PERMIT A HIGHER RATE OF GROWTH IN COMMERCIAL CREDIT THAN LAST YEAR AND ALSO PUSH AHEAD WITH AT LEAST PART OF ITS PROPOSED DEVELOPMENT BUDGET.

WHILE THE GOVERNMENT MAY NEED TO REDUCE THE BUDGET FURTHER AND SEEK HIGHER TAX REVENUES, IT IS NOT CLEAR THAT THE CURRENT MONETARY OUTLOOK PORTENDS RUN-AWAY INFLATION AS THE IMF REPORT STRONGLY IMPLIES. THE CONSIDERABLE SLACK IN THE ECONOMY, IN THE FORM OF INVENTORIES AND EXCESS MANUFACTURING AND AGRICULTURAL CAPACITY

AS WELL AS HIGH UNEMPLOYMENT, LEAVES OPEN THE POSSIBILITY THAT MUCH OF THE MONETARY EXPANSION WILL STIMULATE GROWTH WITHOUT AGGRAVATING INFLATION.

B. REVISION TO JANUARY EXPORT FIGURE

THE NATIONAL BANK HAS BEEN CARRYING TWO DIFFERENT FIGURES FOR JANUARY EXPORT EARNINGS -- US\$3.7 MILLION AND US\$6 MILLION. THE FIRST FIGURE, REPORTED IN SAIGON 1630, CAME FROM THE BANK'S COMPUTER CENTER WHICH NOW INDICATES THAT IT WAS UNABLE TO PROCESS ALL OF JANUARY'S RECEIPTS BY THE END OF THE MONTH. THE BACKLOG, ABOUT US\$2.3 MILLION SHOULD BE REFLECTED IN THE FEBRUARY DATA.

C. PRICES DIP SLIGHTLY

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FOR THE THRID CONSECUTIVE WEEK CONSUMER PRICES DECLINED. AS OF THE WEEK ENDING MARCH 3, USAID'S RETAIL PRICE INDEX FOR SAIGON DROPPED

0.3 PERCENT. IN THE FOOD CATEGORY, SUGAR ROSE 10 PERCENT, PROBABLY REFLECTING SUCCESSFUL GOVERNMENT EFFORTS TO REDUCE SMUGGLED IMPORTS. RICE PRICES FELL 1 TO 2 PERCENT, AND VEGETABLE PRICES GENERALLY DECLINED.

D. DOLLAR AND GOLD PRICES IN DECLINE

BLACK MARKET DOLLAR RATES SLIPPED TO VN\$793/US\$1 FROM LAST WEEK'S VN\$805. MARKET SOURCES SUGGEST THAT THE GOVERNMENT'S ANTI-SMUGGLING CAMPAIGN HAS DAMPENED DEMAND FOR BLACK MARKET DOLLARS. THE SINKING BLACK MARKET DOLLAR RATE WAS PROBABLY RESPONSIBLE FOR THE SMALL DEOP IN GOLD QUOTES. FIGURED AT THE BLACK MARKET DOLLAR RATE, GOLD SOLD FOR US\$176.76 PER OUNCE, A \$7 DISCOUNT ON THE CURRENT HONG KONG RATE.

LEHMANN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL SUMMARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** buchantr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975SAIGON02423  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750077-0685  
**From:** SAIGON  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1975/newtext/t19750380/aaaacucf.tel  
**Line Count:** 664  
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**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 13  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchantr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 MAY 2003 by ElyME>; APPROVED <07 OCT 2003 by buchantr>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EMBASSY SAIGON'S MISSION WEEKLY FOR FEB 27 - MARCH 5, 1975 WEEKA ITEMS  
**TAGS:** PINR, PINS, PINT, MILI, VS  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006